Unit title	Unit 5: Cost Control for Hospitality Supervisors
Guided learning hours	60
Number of lessons	20
Duration of lessons	3
Links to other units	
● Unit 1: The Hospitality Industry ● Unit 15: Front Office Operations ● Unit 16: Accommodation Operations ● Unit 19: Events in Hospitality	

Key to learning opportunities			
AW	Assignment writing	**RS**	Revision session
GS	Guest speaker	**V**	Visit
IS	Independent study	**GW**	Group Work

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
Learning aim A: Investigate the principles of goods selection in hospitality				
1	**A1:** The purchasing cycle ● The purchasing cycle: 'Need' to 'Payment'	GW	● **Lead in:** introduce learners to the unit, the aims and objectives of the unit, the content of the unit and the assessment method. Then introduce learning aim A. ● **Class discussion:** ask learners to get into groups and discuss what 'costs' are and why is important that costs are controlled. Discuss learners' answers. Reinforce the point that one of the biggest costs to a hospitality business is the goods and raw ingredients that need to be purchased. Explain that all businesses need to have procedures in place for making purchases to keep costs under control and to prevent waste. ● **Paired activity:** ask learners to consider the processes they go through when purchasing foodstuffs for the home. Ask learners to produce a flow chart on flip chart paper and	● Unit 5 of the specification ● Lesson 1 presentation ● Worksheets ● Purchasing cycle documents ● Chapter 6 of Davis, B., Lockwood, A., Alcott, P. and Pantelidis, I. Food and

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			share it with the class. Discuss learners' answers and introduce the purchasing cycle. Explain the purchasing cycle applies to all goods not just raw ingredients. ● **Tutor-led presentation:** explore the purchasing cycle, including the requirements and the importance of each stage of the purchasing process, and the ability of a hospitality business to achieve its organisational goals. ● **Class discussion:** discuss each stage of the purchasing cycle: o Need: how needs are established e.g. new menu, new supplier. o Specification: how a specification is determined. Give examples and ask learners to produce a mock specification. o Select supplier: refer back to *Unit 1: The Hospitality Industry*. Discuss different suppliers and how they meet the needs of a business. o Negotiate: how businesses and suppliers agree prices and terms; define 'terms'. o Ordering: how orders are placed. Chapter 6 of *Food and Beverage Management* can be used as a supporting resource. ● **Individual activity:** ask learners to record the above discussion. ● **Plenary:** a summary of the purchasing cycle and a question and answer session to check learning.	Beverage Management (6th Edition), Routledge, 2018, ISBN: 9781138679313
2	● The purchasing cycle ● The purchasing cycle: 'Documentation'	GW	● **Lead in:** re-cap the aspects of the purchasing cycle covered in lesson 1 and then explain that learners will be continuing with the purchasing cycle, focusing on the 'documentation' stage. ● **Tutor-led presentation/class discussion:** present and	● Unit 5 of the specification ● Lesson 2 presentation

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			discuss the 'documentation' stage of the purchasing cycle, including: o delivery: when, how, who o inspection: who, how, procedures o goods into stock: all goods, high value goods o invoice checking: why o payment: when, how. ● **Tutor-led activity:** introduce learners to the documentation used in the purchasing cycle. If you cannot obtain documents from a hospitality business, mock-up documents for learners to use. Explain how each document is completed and used within hospitality businesses. Allow learners to complete/fill in documentation using information you give them. Documents should include: o purchase orders o delivery notes o invoices o goods received notes o credit notes o goods returned notes. ● **Plenary:** a summary and question and answer session on documentation to check learning.	● Worksheets ● Recommended textbooks ● Purchasing cycle documents
3	**A2**: Goods selection	GW	● **Lead in:** re-cap the purchasing cycle documentation from Lesson 2. Introduce learners to the next topic: goods selection criteria. ● **Class discussion:** ask learners what factors they should consider when selecting goods for use in a hospitality business. Discuss responses.	● Unit 5 of the specification ● Lesson 3 presentation ● Worksheet ● Recommended

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			● **Tutor-led presentation/class discussion:** use a presentation to explore the factors that need to be taken into account when selecting goods, including: o suitability for purpose, new/second-hand o price: value for money, profit margins o financial constraints: of the business, cash flow o availability: suppliers, imported, seasonal, manufacturing time o lead time: see 'availability' o physical considerations: access, delivery, storage o upkeep: maintenance, replacement, service agreements (usually for equipment) o contracts, terms and conditions o quality of goods. ● **Paired activity:** give learners details of an item to purchase e.g. a piece of kitchen equipment. Ask learners to use the internet to research the purchase of this item, applying the purchase criteria. Remind learners that more than one supplier must be found so a comparison can be made. Design a worksheet to support this task. Ask learners to feed back to the class. ● **Class discussion:** Discuss the outcomes of the paired activity. Vote for a supplier for each item by applying the selection criteria. ● **Plenary:** a summary of goods selection criteria and a question and answer session to check learning.	textbooks
4	● Controlling and recording the movement of stock	GW	● **Lead in:** re-cap goods selection criteria from lesson 3. Introduce learners to the next topic: controlling and recording the movement of stock. ● **Class discussion:** ask learners to think about how goods	● Unit 5 of the specification ● Lesson 4 presentation

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			(stock) are controlled within a hospitality business. Discuss learners' responses. ● **Tutor-led presentation/class discussion:** explore the ways hospitality businesses control and record the movement of stock, explaining the methods and the documentation used. Focus on setting minimum/maximum stock levels/re-order levels. Define these and explain them. ● **Paired activity:** ask learners to mind-map what should be inspected and recorded when goods are delivered. Ask each pair to feed back to the class and discuss. Focus on: o inspecting for quantity and quality to control any discrepancies o checking conformity with required temperature statutes and maintaining records for HACCP o checking the temperature of delivery vehicles. Emphasise that all these requirements are usually part of set procedures and will be accompanied by documentation. ● **Tutor-led presentation/class discussion:** continue with the ways hospitality businesses control and record the movement of stock, explaining the methods and the documentation used. Focus on: o storage for profit: correct temperature to prevent spoilage/wastage (fridges, freezers, ambient), FIFO LILO o recording mechanisms: manual, computerised, documents used o issuing goods: organisational procedures, documents used o stock taking: e.g. continuous, random, planned. ● **Paired activity:** ask learners to consider how stock can be secured in kitchens and bars. Ask learners to feed back to class and discuss. Focus on the safety and security of	● Worksheets ● Recommended textbooks

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			storage: high value goods, general security, documentation. ● **Plenary:** review the eight factors relating to controlling and recording the movement of stock. Question and answer session to check learning.	
5	● The purchasing cycle ● Goods selection criteria **A3:** Controlling and recording the movement of stock	GS/V	● **Guest speaker/visit:** Invite a guest speaker from a hospitality business or visit a large kitchen to help learners understand the processes used in establishments to manage the procurement of goods, and control and record the movement of stock.	● Unit 5 of the specification ● Lesson 5 presentation ● Worksheets ● Recommended textbooks
6	● The purchasing cycle ● Goods selection criteria ● Controlling and recording the movement of stock	RS	● **Lead in:** introduce the assessment workshop. ● **Tutor-led activity:** hold an assessment workshop on learning aim A: Investigate the principles of goods selection in hospitality. ● **Individual activity:** ask learners to collate their class notes and the outcomes of any class activities to assist them with their preparation for their assessment. You may wish to produce a series of revision worksheets to test learners' knowledge. ● **Plenary:** a class quiz will help you assess knowledge.	● Unit 5 of the specification ● Revision worksheets ● Quiz ● Recommended textbooks
Learning aim B: Carry out costing and pricing activities for hospitality products and services				
7	**B1**: Calculating and controlling costs	GW	● **Lead in:** introduce learners to learning aim B, what they will learn and how they will be assessed. ● **Tutor-led presentation:** explain the categories of costs: o fixed: costs do not change in relation how much output a business produces o variable: change in proportion to the amount of	● Unit 5 of the specification ● Lesson 7 presentation ● Worksheets ● Recommended

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			output produced or amount sold o semi-fixed: a cost that contains both fixed and variable elements. Explain that most fixed costs cannot be controlled by staff and supervisors within the business, but variable costs can. ● **Individual activity:** design a worksheet that lists different costs e.g. rent, insurance etc., and ask learners to determine if they are fixed, variable or semi-variable costs. Check learners' answers. ● **Tutor-led activity:** refer back to the control of variable costs and give an example of how a specific cost can be controlled. Wages are a good example. ● **Paired activity:** give learners a list of examples of costs and ask them to take it in turns to select a cost. The other learners should explain how the chosen cost can be controlled. Discuss learners' suggestions. ● **Tutor-led presentation:** use a presentation to add to/confirm learners' ideas about the different ways costs can be controlled: o setting and managing budgets o correct storage o waste reduction o stock taking and valuation, LILO FIFO o forecasting, sales, labour, room occupancy o checking portions/monitoring proportions o monitoring food cost prices.	textbooks ● YouTube videos ● Quiz

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			You could use YouTube videos to support this presentation. ● **Tutor-led presentation:** explain indirect costs (costs that cannot be matched against each product because they need to be paid whether or not the production of good or services takes place) and apportioned costs (the distribution of various overhead items, in proportion, to each department on a logical basis). ● **Individual activity:** design a quiz that can test if costs are direct or indirect. Check learners' answers. ● **Plenary:** a summary of calculating and controlling costs, followed by a question and answer session to check learning.	
8	**B2:** Methods of pricing	GW	● **Lead in:** re-cap calculating and controlling costs from lesson 7. Introduce learners to the next topic: methods/models of pricing. Chapter 5 of *Food and Beverage Management* provides a good overview. ● **Tutor-led presentation:** introduction to menu pricing. Explain that menu pricing needs to ensure the caterer makes adequate profits and the customer feels they are getting value for money. Explain each of the terms in the specification and design individual activities that allow learners to better understand how pricing models work. Examples of menus from a range of businesses will help to add interest and understanding of the different elements of pricing. o market rate o full/marginal costing	● Unit 5 of the specification ● Lesson 8 presentation ● Chapter 5 of Davis, B., Lockwood, A., Alcott, P. and Pantelidis, I. *Food and Beverage Management* (6th Edition), Routledge, 2018, ISBN: 978113867931

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			o discounts o subsidised pricing o service charges ● **Individual activity:** develop worksheets that will allow learners to practise simple cost-plus and gross profit margin costing. ● **Plenary:** a summary of methods/models of pricing with a question and answer session to check learning.	3 ● Worksheets ● Examples of menus
9	**B1**: Methods of pricing ● Menu pricing	GW	● **Lead in:** re-cap methods/models of pricing from lesson 8. Introduce learners to the next topic: menu pricing. Chapter 5 of *Food and Beverage Management* can be used to support this lesson. ● **Tutor-led presentation:** introduce learners to the main types of menu. Specifically, for this unit: table d'hôte, à la carte and buffet. Explain the approaches that should be taken towards the pricing of each type of menu. Examples of menus from a range of businesses will help to add interest and understanding. ● **Class discussion:** using real menus to provide examples ask learners to consider ways in which the cost of ingredients can be reduced. Discuss learner's responses. Include: o cross utilisation of ingredients o buying in bulk o use of seasonal ingredients o use of specials for slow selling or surplus ingredients. ● **Tutor-led presentation:** Explain how the menu sales mix can impact on profit. A good example is given in Chapter 5 of *Food and Beverage Management*, which can be adapted.	● Unit 5 of the specification ● Lesson 9 presentation ● Chapter 5 of Davis, B., Lockwood, A., Alcott, P. and Pantelidis, I. *Food and Beverage Management* (6th Edition), Routledge, 2018, ISBN: 9781138679313 ● Examples of menus ● Worksheets

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			● **Group activity:** ask each group to investigate a different pricing strategy (e.g. price discrimination [Early Bird], price bundling, added value packages and discounting) and how it can impact on sales, the menu mix and profit. Ask learners to present their findings to the class for discussion. ● **Tutor-led presentation:** explain the term 'break even' and explain how to calculate the break-even point. ● **Individual activity:** give learners a simple break-even activity to complete. ● **Plenary:** a summary of menu pricing and a question and answer session to check learning.	
10	**B2:** Methods of pricing ● Dish costing ● Beverage costing	GW	● **Lead in:** re-cap on menu pricing covered in Lesson 9. Introduce learners to the next topic: dish costing and beverage costing. ● **Tutor-led presentation:** introduce learners to dish costing, starting with standard recipes. Explain the purpose of standard recipes and how they contribute to profitability. Give examples if possible. Discuss standard yields of products. This is easy to explain in terms of beverages. Explain shrinkage of raw materials, such as joints of meat, to allow learners to realise that raw weights and cooked weights impact on yields. ● **Individual activity:** produce a series of basic dish costing exercises for learners, including simple and more complex dishes, and adding gross profit and any sales tax to realise a selling price. ● **Plenary:** a summary of menu pricing and a question and answer session to check learning.	● Unit 5 of the specification ● Lesson 10 presentation ● Worksheets ● Recommended textbooks
11	**B2**: Methods of pricing ● Dish costing	GW	● **Lead in:** re-cap on menu pricing from lesson 10. Continue with dish costing. ● **Individual activity:** continue with dish costing exercises.	● Unit 5 of the specification ● Lesson 11

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
	● Beverage costing ● Function/ banqueting costing		Introduce more complex costing exercises covering: o applying a range of gross profit margins to different dishes o calculating realistic selling prices for a range of dishes o calculating complex banquets/functions. ● **Tutor-led presentation:** introduce learners to beverage costings. Discuss how beverages are purchased in standard purchasing units, e.g. wines and beers by the bottle, and how they are usually served in standard measures (check measures locally). ● **Individual activity:** produce beverage costing activities allowing learners to cost/price a range of beverages. Include a range of beverages so learners can also consider yields. ● **Plenary:** a summary of beverage and function/banqueting costing and a question and answer session to check learning.	presentation ● Worksheets ● Recommended textbooks
12	**B2**: Methods of pricing ● Accommodation costing	GW	● **Lead in:** re-cap beverage and function costing from Lesson 11. Introduce learners to the next topic: accommodation costing. ● **Tutor-led presentation:** introduce learners to accommodation costing, starting with accommodation fixed and variable costs and their effect on costing and pricing. Discuss adding profit margins to determine a room price. ● **Individual activity:** produce a series of basic accommodation costing exercises for learners to undertake. You may wish to add breakfast and other items as an extension. ● **Tutor-led presentation:** explain the terms 'occupancy rate' 'average daily rate (ADL)' and 'revenue per available room (RevPAR)'. ● **Individual activity:** give learners data they can use to	● Unit 5 of the specification ● Lesson 12 presentation ● Worksheets ● Recommended textbooks

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			calculate occupancy rates, ADL and RevPAR. ● **Plenary:** a summary of accommodation costing and a question and answer session to check learning.	
13	**B1**: Calculating and controlling costs ● Methods of pricing	RS	● **Lead in:** introduce the assessment workshop. ● **Individual-led activity:** hold an assessment workshop on learning aim B. Ask learners to collate their class notes and the outcomes of any class activities to assist them with their preparation for their assessment. You may wish to produce a series of revision worksheets to test learners' knowledge. ● **Plenary:** a class quiz will also help you assess knowledge.	● Unit 5 of the specification ● Revision worksheets ● Quiz
Learning aim C: Use financial information to measure hospitality business performance				
14	**C1:** The purpose and use of financial information ● The sources of financial information ● Profit and loss	GW	● **Lead in:** introduce learners to learning aim B, what they will learn and how they will be assessed. ● **Tutor-led presentation:** explain the purpose of financial information and discuss each of the following: o measuring the performance of the business o comparing actual with forecasts o judging effectiveness of different departments and managers o highlighting necessary changes o enabling funds to be raised o satisfying statutory requirements. ● **Class discussion:** ask learners if they can identify any types of financial information. Discuss their responses. ● **Tutor-led activity:** introduce learners to different types of financial information, starting with a profit and loss (P&L) statement. Using a simple P&L account, explain the purpose of a profit and loss and the information it contains. Develop a simple P&L example for learners to use. Explain each of the	● Unit 5 of the specification ● Lesson 14 presentation ● P&L example (one has been provided below) ● Worksheets ● Recommended textbooks

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			entries on the P&L account. ● **Individual activity:** give learners a set of figures and ask them to insert them into the P&L example (at the end of this scheme of work). This can be done electronically or on paper. Discuss the results. ● **Tutor-led activity:** using the data from the example P&L, demonstrate how to calculate percentages and variances. ● **Individual activity:** give learners a partially completed P&L and ask them to calculate sales mix percentages, gross profit percentages and year-on-year differences in monetary and percentage terms. ● **Plenary:** a summary of profit and loss with a question and answer session to check learning.	
15	**C2:** The sources of financial information ● Profit and loss	GW	● **Lead in:** re-cap on profit and loss from Lesson 14 and continue with profit and loss activities. ● **Tutor-led activity:** using the data from the example P&L, demonstrate how to calculate average spends, average room rates, room occupancy and average sleeper rates. ● **Individual activity:** give learners a range of data sets that will that allow them to practise calculating average spends, average room rates, room occupancy and average sleeper rates. ● **Plenary:** a summary of sources of financial information and a question and answer session to check learning.	● Unit 5 of the specification ● Lesson 15 presentation ● P&L example ● Worksheets ● Recommended textbooks
16	**C2**: The sources of financial information	GW	● **Lead in:** re-cap on the learning covered in lesson 15 and continue with the topic of sources of financial information. ● **Tutor-led presentation:** describe and explain the use of cash flow statements, operating statements and balance sheets. ● **Individual activity:** give learners real examples or develop simple versions of cash flow statements, operating	● Unit 5 of the specification ● Lesson 16 presentation ● Sample financial

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
			statements and balance sheets for learners to refer to. Explain each of the entries on a cash flow statement, an operating statement and a balance sheet, remembering that learners need to be able to 'read' these documents rather than produce them. ● **Tutor-led presentation:** describe and explain the use of budgets, sales statistics and sales forecasts, food and beverage cost reports, costed issue sheets and wage reports. If possible, give examples of sample budgets so that learners are able to fully understand how these are used. ● **Plenary:** a summary of sources of financial information with question and answer session to check learning.	documents ● Worksheets ● Recommended textbooks
17	**C3:** Financial information	GW	● **Lead in:** re-cap on the learning covered in lesson 16 and introduce the new topic: financial information. ● **Tutor-led presentation:** describe and explain the use of different financial information: o sales income o sales mix o cost of sales ratios o variable (controllable) expenses actual and ratios o wages actual and ration o net profit o gross profit actual and gross profit ratio. ● **Class discussion:** give examples of each type of financial information and discuss their use as a class. ● **Individual/paired activities:** set learners a case study activity that asks them to identify the different financial information in the P&L example they have been working with. Discuss learners' findings as a class. ● **Tutor-led presentation:** describe and explain the use of	● Unit 5 of the specification ● Lesson 17 presentation ● P&L example ● Sample financial documents ● Worksheets ● Recommended textbooks

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
	C1: The purpose and use of financial information ● The sources of financial information Financial information		different financial information: o room occupancy o sleeper occupancy o average spends o seat and table turnover o liquidity ratios o acid test. ● **Individual activity:** using a range of data, design an activity to allow learners to calculate liquidity ratios and acid test. ● **Plenary:** a summary of financial information covered in this lesson with a question and answer session to check learning. ● **Individual activity:** hold an assessment workshop on learning aim C. Ask learners to collate their class notes and the outcomes of any class activities to assist them with their preparation for their assessment. You may wish to produce a series of revision worksheets to test learners' knowledge. **Tutor-lead activity:** a class quiz will also help you assess knowledge.	● Unit 5 of the specification ● Revision worksheets ● Quiz Recommended textbooks
18	Set Assignment	RS	● **Individual activity:** Learners complete Part A of the set assignment.	●
19	Set assignment	AW	● **Individual activity:** Learners complete Part A of the set assignment.	● Unit 5 of the specification

Lesson	Topic	Lesson type	Suggested activities	Classroom resources
				● Part A of the set assignment
20	Set assignment	AW	● **Individual activity**: Learners complete Part B of the set assignment.	● Unit 5 of the specification ● Part B of the set assignment

Pearson is not responsible for the content of any external internet sites. It is essential for tutors to preview each website before using it in class so as to ensure that the URL is still accurate, relevant and appropriate. We suggest that tutors bookmark useful websites and consider enabling students to access them through the school/college intranet.

Example P&L

Example business					
	2019	**%**	**Variances %**	**2018**	**%**
Sales	**000's**			**000's**	
Rooms					
Food					
Beverage					
Total sales					
Gross profit					
Rooms					
Food					
Beverage					
Total gross profit					
Labour costs					
Variable costs					
Fixed costs (Inc. Head Office charge)					
Total costs					
Operating Profit					
Room Occupancy %					
Average room rate achieved					
Average sleepers per room	1.4			1.4	
Restaurant covers	18,000			19,500	
Food average spend	*			£17.61	
Beverage average spend	*			£ 5.89	